

Summary of the September 27, 2004 Meeting Regarding the Interagency Statement on Sound Practices Concerning Complex Structured Finance Activities

On September 27, 2004 representatives and members of the Financial Services Roundtable ("FSR") met with staff of the Office of the Comptroller of the Currency, the Securities and Exchange Commission, and the Board of Governors of the Federal Reserve System at the industry's request to discuss the proposed Interagency Statement on Sound Practices Concerning Complex Structured Finance Activities ("Statement"). (A list of attendees is below.) Industry representatives reiterated many of the points made in the comment letters submitted by the FSR and its members represented at the meeting.

Industry representatives expressed support for the goals of the Statement. They raised concerns, however, regarding what they characterized as the potential unintended negative consequences of the Statement. For example, industry representatives voiced concern that the Statement could require financial institutions to conduct burdensome and lengthy review of structured finance transactions ("CSFT") that do not, in fact, entail significant legal or reputational risk. They recommended, among other suggestions, that the Statement clarify that financial institutions' own policies and procedures should define what CSFTs should be designated for elevated review. They further added that the Statement should reflect the varied roles that financial institutions have in CSFTs. The Statement should recognize, they asserted, that financial institutions that are not involved in structuring a CSFT generally do not have access to the types of client information addressed in the Statement.

Industry representatives also expressed concern that the Statement could potentially increase the legal liability of financial institutions to clients and third parties. They recommended, for example, that the Statement assert that it is not intended to impose new standards of care.

Industry representatives also were critical of the prescriptive nature of the Statement. They expressed concern, for example, that the documentation section of the Statement could cause financial institutions to create documents that would not normally be produced. In addition, they recommended that the agencies republish a revised Statement for additional comment.

ATTENDEES	AFFILIATION
Kieran Fallon	Federal Reserve Board
Anne Zorc	Federal Reserve Board
Sabeth Siddique	Federal Reserve Board
Marlene Nicholson	Barclays
Jennifer Dirkin	The Northern Trust Company
Derek Bush	Cleary Gottlieb
John Beccia	The Financial Services Roundtable
Chuck Muckenfuss	Gibson, Dunn & Crutcher
Kathy Dick	Office of the Comptroller of the Currency
Donald Lamson	Office of the Comptroller of the Currency
Ellen Broadman	Office of the Comptroller of the Currency
Linda Sundberg	Securities and Exchange Commission
Randall Roy	Securities and Exchange Commission
Mary Ann Gadziala	Securities and Exchange Commission